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Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on construction of additional office facilities at the Economic Commission for Africa (ECA) in Addis Ababa (A/56/672). The report was submitted to the General Assembly in accordance with the procedures outlined in the Advisory Committee's report on building construction procedures (A/36/643). A letter dated 13 July 2001 addressed to the Secretary-General by the Chairman of the Advisory Committee is annexed to the present report. During its consideration of the report (A/56/672), the Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee recalls that, as indicated in the report of the Secretary-General, in line with the United Nations common house concept and as a result of the complex security situation, the regional, subregional and country offices of the United Nations specialized agencies, funds and programmes in Addis Ababa have been gradually relocated to the United Nations complex. In addition, in the past two to three years, considerable expansion of the United Nations humanitarian and development activities in the region have led to increased demand for office space at ECA premises. As a result, the Commission is experiencing a serious shortage of space, which it has attempted to alleviate temporarily by converting some common areas (including corridors) and conference-servicing space to office use.

3. On the basis of a survey of projected needs for office space undertaken by the Commission in 2000, it is estimated that it will require office space for an additional 316 staff (see A/56/672, para. 17). The Advisory Committee notes that, in addition to the above, the estimated additional gross space requirement of 6,770 square metres takes into account a 20 per cent increase factor for staff over the next 10 to 15 years (ibid., para. 18).

4. As indicated in the report, the current proportion of usable office space to total available space is 51 per cent, and it is proposed to maintain this proportion in the new construction (ibid.). The Advisory Committee expresses its concern at the low percentage of usable office space. **The Committee therefore requests that, in the context of the 12-month period foreseen for the formulation of the comprehensive design plan and detailed cost plan preparation (ibid., para. 20 (d)), a re-examination be made of the use of the proposed 6,770 square metres of additional space to maximize office space and minimize common and temporary space, taking into account existing standards (see A/56/672, para. 7).**

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5. The Advisory Committee also requests a re-examination of the need for swing space,[1] given the expansion factor built into the space requirements in anticipation of an increase in core functional staff over the next 10 to 15 years (ibid., paras. 17 and 18), and given the potential increase in usable office space in the light of the re-examination of the proportion of office space to common space recommended in paragraph 4 above.

6. The Advisory Committee notes the arrangements for management of the project as described in paragraph 22 of the report, as well as the related costs, which are estimated at $508,200 (ibid., para. 26). Responsibility for management of the project at Headquarters will be assigned to the Office for Central Support Services; local management of the project will be carried out through the establishment of a project coordination unit, which will operate for the duration of the project. **The Committee requests that a progress report be submitted to the General Assembly each year until the project is completed, which the Secretary-General estimates would be in 2005.**

7. On the basis of a survey of the local construction market, the cost of the project is estimated at $7,711,800 (ibid., paras. 23 and 24). The Advisory Committee notes that the balance remaining in the construction-in-progress account as at 30 June 2000 amounted to $7,702,600. Furthermore, the balance had increased to $8,253,000 as at 30 June 2001, owing to credited investment income (ibid., para. 29).

8. Based on previous experience, the Advisory Committee concludes that a delay in approving the funds might lead to higher costs in the long run. The Advisory Committee therefore recommends that the General Assembly authorize the construction of a new office building at the United Nations compound in Addis Ababa, and that it approve an appropriation in the amount of $7,711,800 for that purpose, to be funded from within the available balance of the construction-in-progress account. However, bearing in mind its comments and recommendations set out above, the Committee recommends that the Commission consider the possibility of leasing any unoccupied office space to suitable outside commercial concerns. Further, the Committee trusts that an agreement with the host Government for tax exemption with regard to materials for the project will be concluded as soon as possible, but no la than the commencement of construction.

Notes

[1] This would provide for office space for the equivalen 57 staff to ensure uninterrupted operations while offic space alterations and/or major maintenance involving temporary relocation of staff are under way (see A/56/672, para. 17).

Annex

Letter dated 13 July 2001 from the Chairman of the Advisory Committee on Administrative and Budgetary Questions addressed to the Secretary-General

The Advisory Committee on Administrative and Budgetary Questions has considered your note concerning United Nations accommodation at Addis Ababa (A/CN.1/R.1194). The Committee notes that, in line with the United Nations common house concept and as the result of the complex security situation, the regional, subregional, and country offices of the United Nations specialized agencies, funds and programmes in Addis Ababa have been gradually relocated to the United Nations complex. In addition, in the last two to three years, considerable expansion of the United Nations humanitarian and development activities in the region have led to increased demand for office space at ECA premises. As a result, the Commission' is experiencing a serious shortage of office space, which it has attempted to alleviate temporarily by converting some common areas (including corridors) and conference-servicing space to office use. Many of these offices are sub-standard, without daylight or proper ventilation. In addition, fire safety has been compromised through the conversion of corridor space to offices.

On the basis of a survey of the projected needs for office space undertaken by the Commission in 2000, it is estimated that there is a need for additional office space for 316 staff. Taking into account standard average office space requirements as detailed in your note, as well as projected increases in the number of core staff over the next 10 to 15 years, you propose construction of a new four-storey office building with a total area of 6,770 square metres at a total cost of $7,342,500. The Advisory Committee notes that calculation of the cost is based on the outcome of a survey of the local construction market and the construction industry standards for low, medium and luxury-level construction in Addis Ababa and that the estimated duration of the project is 41 work-months.

As indicated in paragraphs 26 to 29 of the note, the balance remaining in the construction-in-progress account upon completion of the projects for construction of additional conference facilities at Bangkok and Addis Ababa was $7,702,600 as at 30 June 2000. Furthermore, the balance had increased to $8,023,000 as at 31 December 2000 owing to credited investment income. Thus, the new construction project could be financed in its entirety from within the available balance in the construction-in-progress account.

The Advisory Committee concurs in the submission to the General Assembly, in accordance with the procedures outlined in the report of the Committee on building construction procedures (A/36/643), of the proposal for construction of a new office building in Addis Ababa of a total area of 6,770 square metres at an estimated cost of $7,342,500 (at current rates), to be funded from the available balance of the construction-in-progress account. The Committee requests that, in your report to the Assembly, you include information on resources for management, monitoring and oversight of the project. In the opinion of the Committee, the designation of a special unit solely dedicated to the project would be the preferable arrangement. The report should include an accurate assessment of construction costs over the period of construction, taking into account inflation, contingencies and other cost elements, such as importation of materials and equipment. Furthermore,

the agreement of the host Government should be obtained for tax exemption of materials for the project. After it has considered your report, the Committee will submit detailed comments and recommendations to the Assembly at its fifty-sixth session.

(*Signed*) C. S. M. **Mselle**
Chairman